

## TARIFFS

### I. INTRODUCTION

### II. FILED RATE DOCTRINE

#### A. KRS 278.160:

(1) Under rules prescribed by the commission, **each utility shall file with the commission**, within such time and in such form as the commission designates, schedules showing **all rates and conditions for service established by it and collected or enforced**. The utility shall keep copies of its schedules open to public inspection under such rules as the commission prescribes.

(2) **No utility shall charge, demand, collect or receive from any person a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed schedules, and no person shall receive any service from any utility for a compensation greater or less than that prescribed in such schedules.**

#### B. Commission Regulations:

1. 807 KAR 5:011, Section 3(5)(a) provides that “[a]ll the rules and administrative regulations of the utility” must be in the utility’s tariff.

2. 807 KAR 5:006, Section 5(1) states: “No utility shall establish any special rule or requirement without first obtaining the approval of the commission on proper application.”

3. 807 KAR 5:006, Section 5(2) states: “A customer who has complied with commission administrative regulations shall not be denied service for failure to comply with the utility’s rules which have not been made effective in the manner prescribed by the commission.”

### III. FILED RATE DOCTRINE EXPLAINED

#### A. What is a rate?

##### 1. KRS 278.010(12):

[A]ny individual or joint **fare, toll, charge, rental, or other compensation for service rendered or to be rendered** by any utility, and any **rule, regulation, practice, act, requirement, or privilege in any way relating to such**

**fare**, toll, charge, rental, or other compensation, and any schedule or tariff or part of a schedule or tariff thereof.

2. Examples:

- a. Charge for commodity.
- b. Water meter installation charges. See Louisville Water Co. v. Pub. Serv. Co., Ky. 318 S.W.2d 537 (1958).
- c. Charges for rental of electric or telephone utility pole space for cable television pole attachments. See Kentucky CATV Ass'n v. Volz, Ky.App., 675 S.W.2d 393 (1983).
- d. Billing Recalculation Policy. Kentucky-American Water Company, Case No. 94-197 (Ky.PSC Jan. 25, 1995).
- e. Length of time to pay bill upon utility's issuance of bill.
- f. Payment guarantees (e.g., requirement that landlord must guarantee payment).
- g. Disclaimer of liability for damages related to failure to receive service.
- h. Limitations upon quality of service (e.g., disclaimer of fire protection service).
- i. Length of minimum contract period.
- j. Notice provisions (e.g., period of time in which customer must give notice before termination of service).
- k. Free service to certain persons.
- l. Assessments that a water district assesses on property owners pursuant to KRS Chapter 74 are not rates. See Daut v. Boone County Water District, Case No. 97-056 (Ky.P.S.C. Oct. 9, 1997).

B. What is a "condition of service"?

- 1. Definition: Requirement, action or task that must be met or taken by applicant for service as a prerequisite for receiving service.
- 2. Examples:
  - a. Water main extension policies.

- b. Executing application form.
- c. Technical specifications for donated facilities.
- d. Presentation of evidence of inspections or performance of certain tests before permitting service.
- e. Payment of past debts for utility service.
- f. Deposit requirements.
- g. Requiring customers to obtain or provide easements.

C. Effect of the Filed Rate Doctrine

The primary effect of KRS 278.160 is to bestow upon a utility's filed rate schedule the status of law. 'The rate when published becomes established by law. It can be varied only by law, and not by act of the parties. The regulation . . . of . . . rates takes that subject out of the realm of ordinary contract in some respects, and places it upon the rigidity of a quasi-statutory enactment.' New York N.H. & H.R. Co. v. York and Whitney, 102 N.E. 366, 368 (Mass. 1913). While a utility may file or publish new rate schedules to change its rates pursuant to KRS 278.180, it lacks the legal authority to deviate from its filed rate schedule. It "can claim no rate as a legal right that is other than the filed rate." Montana-Dakota Util. Co. v. Northwestern Pub. Serv. Co., 341 U.S. 246, 251 (1951).

Americoal Corporation v. Boone County Water and Sewer District, Case No. 91-108 (Ky.PSC. April 24, 1992) at 6.

D. Purpose Behind the Rule

1. Ensures PSC review of rates/rules. If the rate is not on file with the PSC, the PSC has never had an opportunity to review and ensure that the rate/rule is reasonable. Presumption that all filed rates are reasonable and lawful. The rule has been described as the "bedrock of utility rate regulation."
2. Prevent Discrimination. If utility can charge only the filed rate, then the ability to discriminate against similarly situated customers is eliminated. All customers must be charged the same rate. Uniform application of service requirements is mandated.

#### IV. FILED RATE DOCTRINE: APPLYING THE DOCTRINE

##### A. Simple Rules

1. If a fee is not in your tariff, you cannot charge it.
2. If a rule is not in your tariff, you cannot enforce it.
3. If a requirement is not in your tariff, you cannot impose it.
4. If a service is not in your tariff, you cannot be required to provide it.
5. If a requirement or rule is in your tariff, you must enforce it. If a fee is your tariff, you must charge it.

##### B. Unlisted Fees or Charges

1. Americoal Corp. v. Boone County Water and Sewer District, Case No. 90-108 (Ky.P.S.C. April 24, 1992) (Sewer inspection fees and collection system fees not in filed tariff).
2. Burke Realty Co. v. Kentucky Turnpike Water District, Case No. 97-323 (Ky.PSC April 6, 1999) (impact fees and required reimbursement of engineering costs).
3. Garrard County Water Association, Case No. 89-187, (Ky.PSC April 6, 1990) (impact fees).
4. North Marshall County Water District, Case No. 95-107, (Ky.PSC Oct. 13, 1995) (free service to water district commissioners and employees).

##### C. Conditions of Service Not In Tariff

1. Willhite v. Louisville Gas and Electric Co., Case No. 2000-369 (Ky.PSC Feb. 8, 2001) (Utility improperly conditioned service upon customer's payment of bill incurred at another residence by her son when no such condition set forth in utility's tariff).
2. North Marshall Water District, Case No. 90-252 (Ky.PSC Jan. 31, 1991) (Commission rejected utility's refusal to accept service lines because of unwritten policy regarding the size of service lines).
3. Henry County Water District No. 2, Case No. 2001-00351 (Ky.PSC Aug. 1, 2002) (Commission rejects special contract containing offsetting improvement charge because utility required all applicants for service to execute a special contract requiring payment of charge even though new improvements not necessary to serve applicant).

4. C & L Builders, Inc. v. Oldham County Water District, Case No. 2000-00460 (Ky.PSC Feb. 12, 2002). Water District refused to certify the availability of water service to a real estate subdivision because the septic systems within development deemed to pose a threat to its water wells in future. Water District conditioned the availability of water service on subdivision developer's agreement to construct a wastewater treatment plant to serve the proposed subdivision. Water District's filed rate schedule contained no provisions related to wellhead protection plan. Real estate developer argued that restrictions were unreasonable and, as they were not set forth in utility's filed rate schedules, could not serve as a basis for refusing service. Held: Despite the lack of any provision of in the utility's filed rate schedule, the utility may refuse service. PSC suggests that the requirements of KRS 278.160 and Administrative Regulation 807 KAR 5:006, Section 5, are superceded by the requirements of the Division of Water's Wellhead protection program. "An extension . . . would not be "reasonable" and would not therefore be allowed if it contravened DOW requirements."

D. Providing Untariffed Services

1. Utility is not required to provide services that are not set forth in its filed rate schedules and cannot be required to provide such services. Americoal Corp. v. Boone County Water and Sewer District, Case No. 90-108 (Ky.P.S.C. Jan. 16, 1992). See also Pittsburgh & L.E.R. Co. v. South Shore R. Co., 107 A. 680 (Pa. 1919).

2. Nothing prohibits the Commission from requiring a utility to revise its filed rate schedules to provide the untariffed service.

E. Billing Errors/Leak Adjustments – Common Problems

1. Billing Error.

a. Electric utility uses wrong multiplier factor when billing an industrial customer for service. Instead of a multiplier factor of 5, utility uses a factor of 2. Utility discovers the error after 18 months of service.

b. Electric utility provides power to a mobile home park. The meter used to measure electric service has been improperly wired. It measures only 5 percent of total electricity passing through it. Utility discovers the improper wiring 5 years after original installation.

c. Has either utility charged the filed rate to these customers? No. In each instance, utility has billed the customer an amount for the delivered energy that is less than the amount required by its filed rate schedule.

2. Leak Adjustment.

a. Water utility bills a customer for usage in great excess of his average usage. Customer is unable to explain abnormal usage and suspects leak. He eventually discovers the leak, which is on the customer side of the meter, and repairs it. Customer argues that it is unfair to bill him for water usage related to leak that he could not easily detect and for which he did not actually use or benefit.

b. May utility adjust the customer's bill to mitigate the effects of the leak? (Assume no leak adjustment policy in utility's tariff.) Effect of mitigation is to charge the customer a lesser amount for the amount of water delivered than prescribed in utility rate schedule.

F. Defenses/Exceptions to the Filed Rate Doctrine

1. Equitable estoppel is not a defense. Boone County Sand and Gravel Co., Inc. v. Owen County Rural Elec. Co-op. Corp., Ky.App., 779 S.W.2d 224, 226, (Ky.App. 1989) ("we fail to perceive any valid basis for finding that the equitable defense of estoppel may be invoked by a customer in Kentucky to defeat the claim of a utility to recover the amount of an underbilling.")

2. Unclean Hands/Bad Conduct is not a defense. Burke Realty Co. v. Kentucky Turnpike Water District, Case No. 97-323 (Ky.PSC Mar. 9, 1998).

3. Financial impact upon utility is not a defense. Americoal Corp. v. Boone County Water and Sewer District, Case No. 90-108 (April 24, 1992).

4. Utility negligence is not a defense. Boone County Sand and Gravel Co., Inc. v. Owen County Rural Elec. Co-op. Corp., Ky.App., 779 S.W.2d 224, 226, (Ky.App. 1989) ("a customer cannot assert a counterclaim for damages resulting from negligent underbilling in an action by a utility to recover the amount underbilled.")

5. Statute of Limitations is a defense. Louisville & N.R. Co. v. Central Iron and Coal Co., 265 U.S. 59, 44 S.Ct. 441, 68 L.Ed. 900, (1924) (stating that only the running of the statute of limitations could prevent refund).

6. KRS 278.225: "All service supplied by a utility shall be billed within two (2) years of the service. No customer shall be liable for unbilled

service after two (2) years from the date of the service, unless the customer obtained the service through fraud, theft, or deception.”

V. SANCTIONS FOR VIOLATING THE FILED RATE DOCTRINE

- A. Collection/refund of amounts improperly billed and collected.
- B. Penalties against water district and its commissioners/superintendent.
- C. Removal of water district commissioners.
- D. Civil liability for damages for wrongful denial of service.

VI. REQUIRED TARIFF PROVISIONS

- A. Deposit Requirements – 807 KAR 5:006, Section 7(7)
- B. Special Charges - 807 KAR 5:006, Section 8
- C. Procedures for Monitoring Customer Usage - 807 KAR 5:006, Section 10(3).
- D. Charge for Reconnection - 807 KAR 5:006, Section 12(2).
- E. Charge for Requested Meter Tests - 807 KAR 5:006, Section 18(1).
- F. Rates, terms and conditions of service for CATV Attachments - 807 KAR 5:006, Section 21(2).
- G. All Rules and Administrative Regulations - 807 KAR 5:011, Section 2.
- H. Schedule of All Rates, Tolls, and Charges - 807 KAR 5:011, Section 2.
- I. Requirements for the Size, Design, Material and Installation of Service Lines (May be incorporated by reference into utility’s rules) - 807 KAR 5:066, Section 9(1).
- J. Conditions under which water utility will make greater water main extensions at its expense than those prescribed in the Commission’s regulations - 807 KAR 5:066, Section 11(5).
- K. Requirements for service line installation and maintenance - 807 KAR 5:066, Section 12(2).
- L. Free Service to Fire Departments – KRS 278.170(3).

VII. TARIFF FILINGS: PROCEDURE

- A. Submitting New/Revised Rate

1. Generally 30 days notice to the Commission before rate may become effective.

[No] change shall be made by any utility in any rate except upon thirty (30) days' notice to the commission, stating plainly the changes proposed to be made and the time when the changed rates will go into effect. However, the commission may, in its discretion, based upon a showing of good cause in any case, shorten the notice period from thirty (30) days to a period of not less than twenty (20) days.

KRS 278.180(1)

2. Effective date must be clearly indicated upon tariff sheet. If no effective date, then tariff becomes effective upon Commission action or the passage of 10 months.

3. **Public Notice.**

- a. Any change to an existing rate requires a notice to the public. 807 KAR 5:011, Section 6(3)(b).

- b. Form of Notice

- (1) Insert in customer bills

- (2) Notice in trade publication going to all customers

- (3) Publication in a newspaper of general circulation once a week for 3 weeks with the first publication prior to filing of proposed rate adjustment

- (4) Notices for any adjustment of sewer rates must be **mailed** to customers. See KRS 278.185.

- c. Contents of Notice – 807 KAR 5:011, Section 8(2).

4. If effective date is given with adequate notice, the Commission must take action upon the proposed rate before effective date.

5. If the Commission requires additional time to review, it may suspend the effective date of proposed rate for a period of 5 months to examine the reasonableness of rate. Suspension must occur before the effective date of proposed rate. KRS 278.190(2).

6. If the suspension period runs and the Commission fails to act, the utility may place rate into effect subject to refund or modification. KRS 278.190(2).



7. The Commission must act upon proposed rate within 10 months of the filing of the proposed rate. If no action is taken, then rate becomes effective by operation of law. KRS 278.190(3).

8. For detailed instructions on the form and content of tariff sheets, see Administrative Regulation 807 KAR 5:011.

B. Application vs. Tariff Filing

1. Application is required for certain rate adjustments:

a. General Rate Adjustment. 807 KAR 5:001, Section 10.

b. Non-recurring charges. 807 KAR 5:006, Section 8; 807 KAR 5:011, Section 10.

2. Application may be used for other filings, but is not required.

3. Application permits the utility to explain in detail and ensures that PSC acts upon Order. Utility can claim that PSC reviewed and approved of the proposed charge or rule. See, e.g., East Logan Water District and North Logan Water District v. City of Russellville, Kentucky, Case No. 2001-00212 (Ky.PSC Aug. 12, 2002).

4. Tariff filing is self-executing and places the burden upon PSC to react. Application will require PSC Order.

C. General Rate Adjustments.

1. If utility has over 500 customers or \$300,000 in annual revenues, it must file an application for general rate adjustment in accordance with the filing requirement. 807 KAR 5:001, Section 10. **Tariff sheets must be included 807 KAR 5:001, Section 10(1)(a)(7).**

2. If utility has less than 500 customers or \$300,000 in annual revenues, it may file under Alternative Rate Filing Procedures. **No tariff sheets are required. If the utility wants to trigger the time requirements, it should file a tariff sheet with proposed rates as part of its application.** 807 KAR 5:076.

3. Problem with Deficient Applications. 807 KAR 5:001, Section 2, permits the Secretary of the Commission to reject any filing that fails to comply with the PSC's rules and administrative regulations. Failure to comply with any requirement will delay implementation of proposed rates even if tariff sheets are properly prepared. **Tariff sheets are not considered filed until the application's deficiencies are corrected.** *Practice Pointer: To ensure 30-day notice, tariff sheets should state a specific effective date or 30 days from the date of filing of application, whichever is later.*

D. Burden of Proof

1. When utility proposes to revise or adjust its rates, it bears the burden of proof to demonstrate that the proposed rate is “just and reasonable.” KRS 278.190(3).

2. Once a rate is approved or effective, the utility rate is presumed to be reasonable. Any party challenging a filed rate bears the burden of proof to demonstrate that the existing rate is unjust or unreasonable.

VIII. NON-RECURRING CHARGES

A. Definition: Charges that are designed “to recover customer-specific costs incurred which would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken.” 807 KAR 5:006, Section 8.

B. Examples of Non-recurring Charges (807 KAR 5:001, Section 8)

1. Turn-on Charge
2. Reconnect Charge
3. Termination or Field Collection Charge
4. Special Meter Reading Charge
5. Meter Resetting Charge
6. Meter Test Charge
7. Returned Check Charge
8. Late Payment Penalty

C. Procedure – 807 KAR 5:011, Section 10

1. Application must contain:
  - (a) Revised Tariff Sheets
  - (b) Specific Cost Justification of the Proposed Rate Revision
  - (c) Full description of the equipment or service provided
  - (d) Copy of Public Notice

- (e) Verification of Publication of Public Notice
- (f) Proof of Notice to the Attorney General
- (g) A detailed statement explaining why the proposed charges could not have been included in the most previous general rate case
- (h) A statement explaining why current conditions prevent deferring the proposed changes until the next general rate request
- (i) A copy of the utility's income statement and balance sheet for a recent 12-month period
- (j) Absorption test if the proposed charge(s) generate more than 5 percent of the total revenues provided by all miscellaneous and nonrecurring charges for a recent 12-month period

2. "Application" does not need to meet the formal requirements of 807 KAR 5:001, Section 8, but can be a letter.

3. 807 KAR 5:011, Section 10, permits only 2 non-recurring charge filings between general rate case proceedings. PSC has been liberal in permitting deviations.

4. Notice - Must be published in a newspaper of general circulation at least once weekly for 3 consecutive

5. Commission Staff Assistance is available. Contact Sam Reid, Financial Analyst (502-564-3940, Ext. 250).

## IX. FREE SERVICE TO FIRE DEPARTMENTS

### A. KRS 278.170(3):

Upon obtaining commission approval of a tariff setting forth terms and conditions of service the commission deems necessary, a utility as defined in KRS 278.010(3)(d) may grant free or reduced rate service for the purpose of fighting fires or training firefighters to any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district. Any tariff under this section shall require the water user to maintain estimates of the amount of water used for fire protection and training, and to report this water usage to the utility on a regular basis.

### B. Who is eligible for free service?

1. Cities
2. Counties
3. Urban-county Governments
4. Charter County
5. Fire Protection Districts
6. Volunteer Fire Departments

C. Prerequisites for Free Service

1. Limited Use: fire protection/fire fighting training
2. Provision within utility tariff/rate schedules that PSC has approved
3. Tariff requires user to maintain estimates of water usage and report this usage on a periodic basis

D. Administrative Regulation 807 KAR 5:095, Section 9: Penalty for Non-reporting. Any water utility that provides water to a fire department for fire protection and training purposes at no cost or reduced rates must

1. require the fire department to submit quarterly reports on its water usage for those purposes;
2. state in its filed rate schedules the penalty that will be assessed for failing to submit the quarterly usage reports.

E. Unanswered Questions

1. What does water district do if fire departments fail to report?
2. What if unauthorized use (e.g., car washes, filling swimming pools) occurs?
3. What if a significant fire hazard exists within area that might require millions of gallons of water over extended period? (Example: Landfill with large amount of old tires.)
4. How does the water district enforce?

F. ***Practice Pointers:***

1. ***Place provision in tariff. Establish periodic reporting requirements and the contents of the reports.***
2. ***Consider penalty provisions for failure. Establish a penalty rate and the presumed usage in the event of reporting failure.***
3. ***Consider limitations on the amount of free water for fire service at a particular site.***
4. ***Enter a memorandum of understanding/contract for service with the fire department.***

X. FREE SERVICE: WATER DISTRICT OFFICIALS, EMPLOYEES, AND OTHERS

A. KRS 278.170(2)

Any utility may grant free or reduced rate service to its officers, agents, or employees, and may exchange free or reduced rate service with other utilities for the benefit of the officers, agents, and employees of both utilities. Any utility may grant free or reduced rate service to the United States, to charitable and eleemosynary institutions, and to persons engaged in charitable and eleemosynary work, and may grant free or reduced rate service for the purpose of providing relief in case of flood, epidemic, pestilence, or other calamity. The terms "officers" and "employees," as used in this subsection, include furloughed, pensioned, and superannuated officers and employees, and persons who have become disabled or infirm in the service of the utility. **Notice must be given to the commission and its agreement obtained** for such reduced rate service except in case of an emergency, in which case the commission shall be notified at least five (5) days after the service is rendered.

B. General Rule: Utilities may provide free service to their employees and officers. Prior Commission approval of such service must be obtained. Must revise utility rate schedules to reflect service.

C. Exception for Water Districts and Water Associations. The Commission has historically refused to permit water districts to provide free service to their employees or customers.

1. Cumberland Falls Highway Water District, Case No. 94-054 (April 7, 1994) at 2. PSC rejected a request to approve free service to water district commissioners who were not paid any salary. Held: "Employee

concession service should not be allowed for public corporations such as water districts and water associations. Such publicly owned utilities have no shareholders to whom the foregone revenues can be charged, which can only occur with investor-owned utilities.”

2. East Logan Water District, Case No. 92-094 (March 16, 1992) at 1.

3. The PSC, however, has allowed some water districts to provide free water service to their commissioners. See, e.g., Muhlenberg County Water District Tariff Sheet 1 (issued May 13, 1985). But see Muhlenberg County Water District, Case No. 1999-512 (filed May 24, 2000) (where continued provision of such service has been questioned).

4. Rationale for PSC prohibition:

a. Appearance of impropriety. Free water to water district officials creates the impression that private persons are benefiting from their position and are being treated more favorably than others.

b. Use of free service or reduced rates to circumvent the compensation limits set forth in KRS 74.020. But see Caldwell County Fiscal Court v. Paris, 945 S.W.2d 952, 954 (Ky.App. 1997)

D. Possible Consequences of Failure to Comply. See, e.g., Case No. 95-107, North Marshall County Water District (Ky.PSC Oct. 13, 1995).

1. Penalties assessed against water district and commissioners.

2. Required collection/billing of undercharges.

3. Removal of water district commissioners.

E. Free Service to Others

1. Free or reduced rate service may be provided to charities and eleemosynary institutions

a. Charity: “A charity, in the legal sense, may be more fully defined as a gift, to be applied consistently with existing laws, for the benefit of an indefinite number of persons, either by bringing their minds or hearts under the influence of education or religion, by relieving their bodies from disease, suffering or constraint, by assisting them to establish themselves in life, or by erecting or maintaining public buildings or works or otherwise lessening the burdens of government. It is immaterial whether the purpose is called charitable in the gift itself, if it is so described as to show that

it is charitable in its nature.” Goode’s Administrator v. Goode, 238 Ky. 638, 38 S.W.2d 691 (1931)

b. Eleemosynary: “Relating or devoted to charity; given in charity; having the nature of alms.” Black’s Law Dictionary 467 (5<sup>th</sup> Ed. 1979).

2. Free service may also be provided to persons engaged in charitable work. See, e.g., Hendron Water District, Case No. 2004-00261(Ky.PSC July 6, 2004) (authorizing free service to permit the Dream Factory to fill a swimming pool for a child with a chronic illness.)
3. Water District or Water Association’s provision of free water service to churches is inappropriate. Bronston Water Association, Case No. 2005-00060 (Ky.PSC Oct. 12, 2005) (holding that the utility’s form of organization as a non-profit corporation makes the provision of free or reduced rate service unreasonable since ratepayers, not shareholders, must bear the cost of the free service; free service to churches where utility is not investor-own effectively forces customers to make a donation to particular religious organization and may present constitutional issues). But see Hendron Water District, Case No. 2004-00261(Ky.PSC July 6, 2004).

F. Emergency Service: Free Service may be provided to relief in case of flood, epidemic, pestilence, or other calamity. Commission approval is required except in the case of any emergency. Where emergency exists, Commission must be notified within 5 days of provision of service.\

## XI. SPECIAL CONTRACTS

A. Administrative Regulation 807 KAR 5:011, Section 13: “Every utility shall file true copies of all special contracts entered into governing utility service which set out rates, charges or conditions of service not included in its general tariff.”

B. Where utility must impose special requirements or conditions upon one customer or a small group of customers, it may impose by special contract. **Contract must be filed with the Commission.** Requires unique circumstances.

C. Instances where a special contract may be appropriate:

1. Special arrangements with subdivision developers
2. Large industrial customer
3. Wholesale customer

D. When is a Special Contract Not a Special Contract?

1. A contract that is required of all customers even when service could be provided under existing rate schedules. Henry County Water District No. 2, Case No. 2001-00351 (Ky.PSC Aug. 1, 2002).

2. When a special contract is appropriate:

We recognize that water utilities will frequently condition the provision of water service on a prospective customer's assumption of the cost of improvements necessary to provide that service. In those instances, the water utility usually does not have the facilities necessary to provide the requested service, or readily available financial resources to construct such facilities, or would be required to incur unreasonable costs to provide the service. Absent some unique circumstance, the utility would not have any legal obligation to extend water service to the prospective customer immediately.<sup>FN1</sup> To obtain water service in a timely manner, a customer voluntarily assumes the obligation to construct the facilities or to bear the cost of the necessary improvements in return for the opportunity to receive water service.

<sup>FN1</sup>A water utility has an obligation to make reasonable extensions of service. See KRS 278.280(3). In those circumstance where the water district lacks facilities to provide the requested service and could not readily construct such facilities without obtaining significant sources of capital, it may not be reasonable for the water utility to construct such facilities immediately or to assume the entire cost of such construction. Administrative Regulation 807 KAR 5:066, Section 11, which deals with a water utility's obligation to extend service, recognizes such limitations.

Henry County Water District No. 2, Case No. 2001-00351 (Ky.PSC Aug. 1, 2002) at 2-3.

E. Modifications in contract require a new filing with the Commission or incorporation of modified provisions with filed rate schedules. (Example: Special contract rate is modified to reflect change (e.g., results of annual audit)).

## XII. Purchased Water Adjustments (KRS 278.012; KRS 278.015)

A. Purchase Water Adjustment: Rate procedure that permits water utility to immediately pass through total cost of any increase in the cost of water resulting from a change in its supplier's rates.

B. Procedure.



1. Wholesale water supplier increases wholesale water service rate to water district or water association.
2. Governing body of Water District/Water Association adopts new rates to pass through the increase. Action is usually in the form of a resolution of the governing body and sets forth an effective date of the increase. **Effective date cannot be retroactive**, must be prospective.
3. Within 20 days of the effective date, the water district/association must file revised tariff sheets with the Commission setting forth the new rate. It must also file a copy of the notice from the wholesale supplier showing the increased rate and a statement of the volume of purchased water used to calculate the rate increase.
4. Commission must approved the new rates or establish revised rates within 30 days of the date of the water district/association's filing.
5. Administrative regulation 807 KAR 5:068 contains an application form.
6. Increased cost of water is calculated based upon the water district/water association's water purchases for a 12-month period ending 90 days from the effective date of the rate adjustment to its customers.
7. Adjustment is determined by subtracting purchases of 12-month period at the previous rates from purchases of 12-month period at the new rate. Difference is then divided by the number of gallons (or cubic feet) purchased during the 12-month period to obtain a cents per gallon adjustment factor.
8. Adjustment procedure does not limit recovery for increased costs related to lost or unaccounted for water. Compare 807 KAR 5:066, Section 6(3) (which limits for ratemaking purposes the cost of unaccounted for water to 15 percent of total water produced and purchased).
9. Water District/Water Associations are not required to use purchased water adjustment process to pass through increases from their wholesale suppliers, but must pass through any decrease in rates resulting from a decrease in the price of a wholesale supplier. 807 KAR 5:068, Section 2(3).
10. The Commission will permit pass through only where the municipal supplier has complied with KRS 278.160 and 278.180. Where a municipal utility fails to comply with these statutes, its increased rates are not lawful and may not serve as the basis for a water district or water association's increase. See, e.g., Bath County Water District, Case No. 2007-00299 (Ky.PSC Aug. 6, 2007).

C. Non-Water District/Water Associations

1. 807 KAR 5:067 permits purchased water adjustments for non-water districts.
2. Adjustment requires prior Commission approval. 807 KAR 5:067, Section 2(3).
3. Where utility has unaccounted for water that exceeds 15 percent of total water produced and purchased, “water purchases” will be adjusted to reflect reasonable water loss.
4. If utility uses purchase water adjustment procedures, utility is required to immediately refund any refunds from wholesale water supplier.

D. Practice Tips:

1. Water District/Water Association should advise wholesale supplier of requirements for Commission approval of adjustment of any wholesale rate and should report any wholesale change to the Commission that does not comply with KRS 278.160 and 278.180.
2. Water District/Water Association should request that wholesale supplier coordinate the effective date of its wholesale rate adjustment to allow the water district/water association to synchronize change with its own billing schedules (e.g., the wholesale supply rate change occurs at the start of the water district/water association’s billing period).
3. Don’t wait for Commission approval to implement rates. Act as soon as possible through resolution of board of directors/commissioners. While the adjustment can be made at any time, if water district/association delays until the wholesale supplier again adjusts its wholesale rate, water district/association will be limited in the amount of adjustment.
4. When acting without prior Commission approval, submit a copy of the board resolution establishing the new rates with the purchased water adjustment application.
5. Where Water District/Water Association cannot synchronize its rate adjustment with its wholesale supplier, consider deferring effective date of the rate adjustment to the beginning of water district/association’s next billing cycle to avoid two different rates during a single billing period.

XIII. MUNICIPAL WHOLESALE CONTRACTS

A. Filing of Contract

1. Municipal Utility must file the contract.

2. If the actual rate is not specified in the contract, then a rate schedule should also be filed that lists the rates. (For example, contract provides that the city will charge its “outside city retail rates.”)

B. Unilateral Revision of Contract Rates/Service Provisions

1. Provisions of KRS 278.180 must generally be followed.

2. Municipal Utility should file a rate schedule if proposed rate or service provisions differ from the contract terms. Filing of a cost of service study is not enough.

3. Municipal Utility should submit proof of notice of filing to the wholesale customers.

4. Utility Commission of the City of London, Kentucky, Case No. 2002-00260 (July 8, 2002). Held that the time for notice of proposed adjustment of wholesale water/sewer service rate would not begin to run until the ordinance approving the proposed rate became effective. “If the approval of a city’s legislative body is necessary for Commission consideration and review of the proposed adjustment, then a municipal utility’s filing for rate adjustment, including the filing of rate schedules pursuant to Administrative Regulation 807 KAR 5:011, Section 9, cannot be considered “filed” until the city legislative body has authorized the proposed rate adjustment.”

5. Municipal Utility should submit copy of the municipal ordinance that revises the rate to wholesale customer. See East Logan Water District and North Logan Water District v. City of Russellville, Kentucky, Case No. 2001-00212 (Ky.PSC July 3, 2002); City of Pikeville, Kentucky, Case No. 2000-00540 (Ky.PSC Oct. 10, 2001); Winchester Municipal Utilities, Case No. 96-616 (Ky. P.S.C. Oct. 3, 1997).

6. To expedite the review process, Municipal Utility should supplement its filing with any additional information to support proposed rate (e.g. cost of service study).

7. Municipal Utility Customers who object to the proposed rate adjustment or who desire PSC review and examination of the proposed increase should intervene and request suspension of the proposed rate.

XIV. SUGGESTED PRACTICE POINTERS:

A. All rules, rates, and conditions of service must be in the water district’s filed rate schedules.

B. Review your non-recurring charges at least annually to ensure that the charges are recovering the cost of the service provided. Have your manager or

superintendent complete the attached cost justification sheets for each charge and submit to the board of commissioners.

C. Review at least annually to ensure that your practices are set forth in the filed rate schedule.

D. Before imposing new requirements, amend existing file rate schedules to include these requirements.

E. Consider broad provisions to cover minor points. (E.g., "Utility may impose engineering technical requirements to protect operational efficiency of water district's system.")

F. Automate your tariff schedules.

G. If proposed change needs to go into effect as soon as possible, place an effective date on the tariff sheets. Anticipate problems with application and use an effective date that is based upon a date certain or "30 days after the application is deemed filed with the Commission."

H. Do not merely submit the required information. ***Anticipate the Commission's inquiries and address those issues in the initial filing.*** Provide any additional information (e.g. cost of service study, narrative describing the need for revisions) that will assist the Commission in its initial review. This action may alleviate the need for Commission to suspend the proposed rate for further investigation.

**807 KAR 5:011**  
**TARIFFS**

## 807 KAR 5:011. Tariffs.

RELATES TO: KRS Chapter 278

STATUTORY AUTHORITY: KRS 278.160(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 278.160(1) provides that the commission shall prescribe rules under which each utility shall file schedules showing all rates and conditions established by it and collected or enforced.

Section 1. Definitions. For purpose of this administrative regulation: "Commission" means the Public Service Commission.

Section 2. General. All utilities under the jurisdiction of the commission shall file with the secretary two (2) cover letters and four (4) complete copies of a tariff containing schedules of all its rates, charges, tolls and maps or plats of the area in which it offers service and all its rules and administrative regulations and shall keep a copy of said tariff open to public inspection in its offices and places of business, as required by KRS 278.160, in substantially the form and manner hereinafter set out. If a utility furnishes more than one (1) kind of service (water and electricity for example), a separate tariff must be filed for each kind of service. For the purpose of the commission's rules and administrative regulations, the utility's office or place of business shall be deemed a location at which the utility regularly employs and stations one (1) or more employees and is open to the public.

Section 3. Form and Size of Tariffs. (1) All tariffs must be printed from type not smaller than six (6) point or typewritten, mimeographed or produced by similar process, on hard calendared paper of good quality.

(2) The pages of a tariff shall be eight and one-half (8 1/2) by eleven (11) inches in size.

(3) Utilities shall publish tariffs in loose-leaf form using one (1) side of the paper only, with not more than one (1) schedule to the page.

(4) The front cover page of a tariff shall contain the following:

(a) Name of the utility and location of principal office.

(b) Statement of kind of service offered.

(c) General statement of territory served.

(d) Date of issue and date tariff is to become effective.

(e) Signature of the officer of the utility authorized to issue tariffs.

(f) Identifying designation in the upper right-hand corner as required by Section 5 of this administrative regulation.

(5) The second and succeeding pages shall contain:

(a) All the rules and administrative regulations of the utility.

(b) Rate schedules showing all rates and charges for the several classes of service.

(c) Signature of the officer of the utility authorized to issue tariffs.

(d) Date of issue and date tariff is to become effective.

(e) Identifying designation in upper right-hand corner as required by Section 5 of this administrative regulation.

(6) In that portion of the tariff dealing with rates, the desired information shall be shown under the following captions in the order listed:

(a) Applicable: show territory covered by tariff.

(b) Availability of service: show classes of customers affected, such as domestic, commercial, etc.

(c) Rates: list all rates covered by tariff.

(d) Minimum charge: state amount of charge and quantity allowed.

(e) Delayed payment charge: state if penalty or discount.

(f) Term: if contracts are made for certain periods, give length of term.

(g) Special rules: if any special rules and administrative regulations are in effect covering this tariff, list same hereunder.

(7) The secretary of the commission will furnish standard forms of tariffs on request.

Section 4. Contents of Schedules. (1) Each rate schedule in addition to a clear statement of all rates thereunder must state the city, town, village or district in which rates are applicable; provided, however, that schedules applicable in a large number of communities must be accompanied by an accurate index by which each community in which the rates are applicable may be readily ascertained, in which case the applicability of a schedule may be indicated by reference to the index sheet. (Example: Applicable within the corporate limits of the City of \_\_\_\_\_, or see Tariff Sheet No. 2B for applicability.)

(2) Each rate schedule must state that class of service available under the rates stated therein. (Example: Available for domestic lighting, or available for all purposes, etc.)

(3) For a tariff in which a number of schedules are shown available for various uses, each schedule shall be identified by a number or by a group of letters, and if by a group of letters, the designation shall be indicative of the class of service for which the schedule is available. (Example: Schedule No. 1 or Tariff D.U.R. indicating that the schedule states domestic utility rates.)

(4)(a) Each page of the tariff shall bear the Commission Number of the tariff, the date issued and effective, the signature of the issuing officer, and in the upper right-hand corner, a further designation, such as "Original Sheet No. 1," "Original Sheet No. 2," etc.

(b) In the case of a change in the text of any page as hereinafter provided the further designation shall be "First Revised Sheet No. 1, cancelling Original Sheet No. 1," etc.

(c) Tariffs may be further divided into sections, and so designated if required by their size and contents.

(5) All schedules shall state whether a minimum charge is made, and if so, they shall set out all such charges, and further state whether such minimum charge is subject to prompt payment discount or delayed payment penalty.

Section 5. Designation of Tariffs. All tariffs must bear in the upper right-hand corner of the front cover page the commission number thereof. Subsequent tariffs filed as provided by Sections 6 and 9 of this administrative regulation, must continue such designation in consecutive numerical order. Any subsequent tariff must also show the commission number of the tariff cancelled, changed or modified by it.

Section 6. Change or Withdrawal of Rate Schedules Administrative Regulations. (1) No tariff, or any provision thereof, may be changed, cancelled or withdrawn except upon such terms and conditions as the commission may impose and in compliance with KRS 278.180 and Sections 6 and 9 of this administrative regulation.

(2)(a) All revisions in tariff sheets shall contain a symbol in the margin indicating the change made. These symbols are as follows:

(C) To signify changed administrative regulation.

(D) To signify discontinued rate, administrative regulation or test.

(I) To signify increase.

(N) To signify new rate and/or new test.

(R) To signify reduction.

(T) To signify a change in text.

(b) In the case of a change in the text of any tariff sheet where the rate remains the same, the effective date shall remain the same as that on the amended sheet. The issued date of the change shall be the date the filing is made with the commission.

(c) All tariff filings which involve the furnishing of equipment or services to the customer by the utility shall be accompanied by a description of the equipment or service involved in the filing and a cost of service study justifying the proposed charges.

(3) New tariffs stating changes in any provision of any effective tariff may be issued and put into effect by either of the two (2) following methods:

(a) By order of the commission upon formal application by the utility, and after hearing, as provided by Section 7 of this administrative regulation.

(b) By issuing and filing on at least twenty (20) days' notice to the commission and the public a complete new tariff (or revised sheet of an existing tariff) stating all the provisions and schedules proposed to become effective as provided by Sections 7 and 9 of this administrative regulation.

(4) The provisions or rates stated on any sheet or page of a tariff may be modified or changed by the filing of a revision of such sheet or page in accordance with the provisions of this administrative regulation. Such revisions must be identified as required herein.

Section 7. Adjustment of Rates on Application. Upon the granting of authority for a change in rates, the utility shall file a tariff setting out the rate, classification, charge, or rule and administrative regulation authorized by the commission to become effective the order may direct, and each page of the tariff so filed shall state that it is "Issued by authority of an order of the Public Service Commission in Case No. \_\_\_\_\_ dated \_\_\_\_\_, 19\_\_\_\_."

Section 8. Notices. Notices shall be given by the utility in the following manner:

(1) Advance notice, abbreviated newspaper notice. Utilities with gross revenues greater than \$1,000,000 shall notify the commission in writing of Intent to File Rate Application at least four (4) weeks prior to filing. At or about this time application may be made to the commission for permission to use an abbreviated form of newspaper notice of proposed rate increases provided the notice includes a coupon which may be used to obtain a copy from applicant of the full schedule of increases or rate changes.

(2) Notice to customers of proposed rate changes. If the applicant has twenty (20) or fewer customers, typewritten notice of the proposed rate changes and the estimated amount of increase per customer class shall be placed in the mail to each customer no later than the date on which the application is filed with the commission and, in addition, a sheet shall be posted at its place of business containing such information. Except for sewer utilities which must give a notice by mail to all of their customers pursuant to KRS 278.185, all applicants with more than twenty (20) customers shall post a sheet stating the proposed rates and the estimated amount of increase per customer class at their place of business and, in addition, notice thereof:

(a) Shall be included with customer billings made on or before the application is filed with the commission; or

(b) Shall be published by such date in a trade publication or newsletter going to all customers; or

(c) Shall be published once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in their service area, the first publication to be made prior to the filing of the application with the commission. Each such notice shall contain the following language:

The rates contained in this notice are the rates proposed by (name of utility). However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

(3) Notice as to intervention. The notice made in compliance with subsection (2) of this section shall include a statement to the

effect:

- (a) That any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene;
- (b) That the motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party; and
- (c) That intervenors may obtain copies of the application and testimony by contacting the applicant at a name and address to be stated in the notice. A copy of the application and testimony shall be available for public inspection at the utility's offices.
- (4) Compliance by electric utilities with rate schedule information required by 807 KAR 5:051. If notice is given by subsection (2) (a) or (b) of this section and if the notice contains a clear and concise explanation of the proposed change in the rate schedule applicable to each customer, no notice under Section 2 of 807 KAR 5:051 shall be required. Otherwise, such notice shall be given.
- (5) Notice of hearing. Where notice pursuant to KRS 424.300 is published by the applicant in a newspaper, it shall be published in a newspaper of general circulation in the areas that will be affected one (1) time not less than seven (7) nor more than twenty-one (21) days prior to the hearing giving the purpose, time, place and date of hearing.
- (6) Extensions of time. Applications for extensions of time shall be made to the commission in writing and will be granted only upon a showing of compelling reason.

Section 9. Statutory Notice to the Commission. (1) When a new tariff has been so issued and notice thereof given to the commission and the public in all respects as hereinbefore provided, such tariff will become effective on the date stated therein unless the operation thereof be suspended and the rates and administrative regulations therein be deferred by an order of the commission pending a hearing concerning the propriety of the proposed rates and administrative regulations under KRS 278.190.

(2) All information and notice required by these rules shall be furnished to the commission at the time of the filing of any proposed revisions in rates or administrative regulations, and the twenty (20) days' statutory notice to the commission will not commence to run and will not be computed until such information and notice is filed if the commission determines that there was a substantial omission, which was prejudicial to full consideration by the commission or to an intervenor.

Section 10. Nonrecurring Charges. Nonrecurring charges are charges to customers due to a specific request for certain types of service activity for which, when the activity is completed, no additional charges may be incurred. Such charges are intended to be limited in nature and to recover the specific cost of the activity. Nonrecurring charges include reconnection charges, late payment fees, service order changes and hook-on or tap fees. This section allows a utility to seek a rate revision for a nonrecurring charge outside a general rate proceeding. In addition to the specific information required pursuant to the above sections, the following information must be submitted to the commission when a utility makes a filing to increase miscellaneous or nonrecurring service charges outside a general rate case:

- (1) Each requested rate revision must be accompanied by:
  - (a) A specific cost justification for the proposed rates and a full description of the equipment or service provided under tariff (807 KAR 5:001, Section 6(2)(c)). The proposed rates should at least cover incremental costs, and a reasonable contribution to overhead. Incremental costs are defined as those costs which would be specifically incurred in the provision of this service.
  - (b) A copy of the public notice of each requested rate revision and verification that it has been made pursuant to Section 8 of this administrative regulation. In addition to the notice requirements contained in Section 8 of this administrative regulation, the utility shall also mail a copy of its filing to the Attorney General's Consumer Protection Division. The Attorney General will then have ten (10) days to notify the commission in writing if it requests a hearing in a particular case.
  - (c) A detailed statement explaining why the proposed changes could not have been included in the most previous general rate case, and why current conditions prevent deferring the proposed changes until the next general rate request.
  - (d) An impact statement identifying the group of customers affected by the proposed tariff. The impact statement shall identify potential as well as existing customers.
  - (e) A copy of the utility's income statement and balance sheet for a recent twelve (12) month period.
- (2) If the additional revenue to be generated from the proposed tariff revisions exceeds by five (5) percent the total revenues provided by all miscellaneous and nonrecurring charges for a recent twelve (12) month period, the utility must file, in addition to the information set out in subsection (1)(a) of this section, the following: An absorption test showing that the additional net income generated by the tariff filing will not result in an increase in the rate of return (or other applicable valuation methods) to a level greater than that which was allowed in the most recent rate case. Any general rate increases received during the twelve (12) month period must be annualized. Any significant cost changes may be included but must be documented as part of the filing.
- (3) No more than two (2) such tariff filings under this procedure shall be made between general rate cases. Additional tariff filings for nonrecurring charges will be processed according to general rate case procedures.

When these requirements are met, such a filing may be made by letter with supporting documentation and will not require the information normally required pursuant to the commission's general rate case administrative regulation, 807 KAR 5:001, Section 9.

Section 11. Change of Ownership; Adoption Notice. (1) In case of change of ownership or control of a utility, or when a utility or a part of its business is transferred from the operating control of one company to that of another, or when its name is changed, the company which will thereafter operate the utility business must use the rates, classifications and administrative regulations of the former operating company (unless authorized to change by the commission), and shall issue, file and post an adoption notice, on a



form furnished by the commission, adopting, ratifying and making its own all rates, rules, classifications and administrative regulations of the former operating utility, on file with the commission and effective at the time of such change of ownership or control.

(2) Adoption notices must likewise be filed by receivers and trustees assuming possession and operation of utilities. Adoption notices may be filed and made effective without previous notice.

(3) Adoption notices filed with the commission by each utility shall be in consecutive numerical order, beginning with Public Service Commission Adoption Notice No. 1.

(4) Within ten (10) days after the filing of an adoption notice as aforesaid by a public utility which then had no tariffs on file with the commission, said utility shall issue and file in its own name the tariff of the predecessor utility then in effect and adopted by it, or such other tariff as it proposes to put into effect in lieu thereof, in the form prescribed in Sections 2 through 5 of this administrative regulation with proper identifying designation. (Example: Public Service Commission No. 1 cancels Public Service Commission Adoption Notice No. 1.)

(5) Within ten (10) days after the filing of an adoption notice, as required by subsection (2) of this section, by a public utility which then had other tariffs on file with the commission said utility shall issue and file in its own name rate schedules and administrative regulations (on additional or revised sheets to its existing tariff, or by a complete reissue of its existing tariff, or otherwise), which shall set out the rates and administrative regulations of the predecessor utility then in effect and adopted by it, or such other rates and administrative regulations as it proposes to put into effect in lieu thereof, in accordance with the provisions of these rules with proper identifying designation. (Example: First Revision of Original Sheet No. 2A, Public Service Commission, No. 11, cancels Original Sheet No. 2A, also cancels Public Service Commission Adoption Notice No. 6; or Public Service Commission No. 12 cancels Public Service Commission No. 11, also cancels Public Service Commission Adoption Notice No. 6.)

(6) When a tariff or revision is issued by a utility in compliance with these rules which states the rates, rules and administrative regulations of the predecessor utility without change in any of the provisions thereof, the same may be filed without notice; but when such tariff or revision states any change in the effect of the rates, rules and administrative regulations of the predecessor utility, such tariff or revision shall be subject to Sections 9 and 10 of this administrative regulation.

Section 12. Posting Tariffs, Administrative Regulations and Statutes. Every utility shall provide a suitable table or desk in its office and place of business, on which shall be available to the public at all times the following:

(1) A copy of all effective tariffs and supplements setting out its rates, classifications, charges, rules and administrative regulations, together with forms of contracts and applications applicable to the territory served from that office or place of business.

(2) Copies of the Kentucky Revised Statutes applicable to the utility.

(3) A copy of the administrative regulations governing such utility adopted by the commission.

(4) A suitable placard, in large type, giving information to the public that said tariffs, rules and administrative regulations and statutes are kept there for public inspection.

Section 13. Special Contracts. Every utility shall file true copies of all special contracts entered into governing utility service which set out rates, charges or conditions of service not included in its general tariff. The provisions of this administrative regulation applicable to tariffs containing rates, rules and administrative regulations, and general agreements, shall also apply to the rates and schedules set out in said special contracts, so far as practicable.

Section 14. Deviations from Rules. In special cases, for good cause shown upon application to and approval by, the commission may permit deviations from these rules.

Section 15. Forms. In submitting to the commission information required by these rules the following forms shall be followed where applicable:

(1) Form of cover sheet for tariffs.

(2) Form for filing rules and administrative regulations.

(3) Form for filing rate schedules.

(4) Form of certificate of notice to the public of change in tariff where no increase of charges results.

(5) Form of certificate of notice to the public of change in tariff which results in increased charges.

(6) Form of adoption notice.

#### FORM OF COVER SHEET FOR TARIFFS

P.S.C. NO. \_\_\_\_\_

CANCELS P.S.C. NO. \_\_\_\_\_

(NAME OF COMPANY)

(LOCATION OF COMPANY)

Rates, Rules and Administrative Regulations for Furnishing  
(SERVICE RENDERED)

at

(LOCATION SERVED)

FILED WITH PUBLIC SERVICE COMMISSION  
OF KENTUCKY

Issued \_\_\_\_\_, 19\_\_\_\_ Effective \_\_\_\_\_, 19\_\_\_\_

Issued by: (Name of Utility)

By:

FORM FOR FILING RULES &  
ADMINISTRATIVE REGULATIONS  
(Page 2 of Tariff)

Name of Utility:

RULES & ADMINISTRATIVE REGULATIONS

Date of Issue:

Effective Date:

Issued by:

Name:

Title:

FORM FOR FILING RATE SCHEDULES  
(Page 3 of Tariff)

For: (Community, Town or City)

P.S.C. NO.:

\_\_\_\_(Original) Sheet No.\_\_\_\_

\_\_\_\_(Revised)

Name of Issuing Corporation:

Cancelling P.S.C. No.:

\_\_\_\_(Original) Sheet No.\_\_\_\_

\_\_\_\_(Revised)

CLASSIFICATION OF SERVICE

APPLICABLE: (Show territory covered by tariff.)

AVAILABILITY OF (Show classes of customers affected, such as  
SERVICE: domestic, commercial, etc.)

RATES: (List all rates covered by tariff.)

MINIMUM CHARGE: (State if penalty or discount.)

DATE OF ISSUE: (Month, Day, Year)

DATE EFFECTIVE: (Month, Day, Year)

ISSUED BY: (Name of Officer, Title, Address)

ISSUED BY AUTHORITY OF P.S.C. ORDER NO.:

FORM OF CERTIFICATE OF NOTICE TO THE  
PUBLIC OF CHANGE IN TARIFF WHERE NO  
INCREASE OF CHARGES RESULTS  
(2 Copies Required)

To the Public Service Commission, Frankfort, Ky.

Pursuant to the Rules Governing Tariffs (effective \_\_\_\_\_), I hereby certify that I am (Title of Officer) \_\_\_\_\_ of the  
(Name of Utility) \_\_\_\_\_ a utility furnishing (Kind of Service) \_\_\_\_\_ service within the Commonwealth of Kentucky,  
which on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, issued \*Tariff P.S.C. No. \_\_\_\_\_, cancelling Tariff P.S.C. No. \_\_\_\_\_, to become  
effective \_\_\_\_\_, 19\_\_\_\_, and that notice to the public of the issuing of the same is being given in all respects as required by Section  
8 of said administrative regulation, as follows:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the same was exhibited for public inspection at the offices and places of business of the Company in the territory affected thereby, to wit, at the following places: (Give location of offices where rates are posted.) \_\_\_\_\_ and that the same will be kept open to public inspection at said offices and places of business in conformity with the requirements of Section 8 of said administrative regulation.

I further certify that the proposed changes in tariff of said utility will not result in an increase in the rates or charges to any customer.

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
Address:

\*If a revised sheet, or additional sheet of a loose-leaf tariff is used to state changes in rates or administrative regulations, the filing should be described as \_\_\_\_\_ Revision of Original Sheet No. \_\_\_\_\_ P.S.C. No. \_\_\_\_\_, cancelling \_\_\_\_\_ P.S.C. Adoption Notice No. \_\_\_\_\_.

FORM OF CERTIFICATE OF NOTICE TO THE  
PUBLIC OF CHANGE IN TARIFF WHICH  
RESULTS IN INCREASED RATES  
(2 Copies Required)

To the Public Service Commission, Frankfort, Ky.

Pursuant to the Rules Governing Tariffs (effective \_\_\_\_\_), I hereby certify that I am (Title of Officer) \_\_\_\_\_ of the (Name of Utility) \_\_\_\_\_ a utility furnishing \_\_\_\_\_ service within the Commonwealth of Kentucky, which on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, issued its \*Tariff P.S.C. No. \_\_\_\_\_, cancelling Tariff P.S.C. No. \_\_\_\_\_ to become effective \_\_\_\_\_, 19\_\_\_\_, and that notice to the public of the issuing of the same is being given in all respects as required by Section 8 of said administrative regulation, as follows:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the same was exhibited for public inspection at the offices and places of business of the Company in the territory affected thereby, to wit, at the following places: (Give location of offices where rates are posted.) \_\_\_\_\_ and that the same will be kept open to public inspection at said offices and places of business in conformity with the requirements of Section 8 of said administrative regulation.

\*\*On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, typewritten or printed notice of the proposed rates or administrative regulations was mailed to each of the \_\_\_\_\_ customers of the company whose rates or charges will be increased thereby, a copy of said notice being attached thereto.

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
Address:

\*If a revised sheet or additional sheet of a loose-leaf tariff is used to state changes in rates or administrative regulations, the filing should be described as Revision of Original Sheet No. \_\_\_\_\_ P.S.C. No. \_\_\_\_\_, or Original Sheet No. \_\_\_\_\_ P.S.C. No. \_\_\_\_\_ cancelling \_\_\_\_\_ P.S.C. Adoption Notice No. \_\_\_\_\_.

\*\*If Notice is given by publication as provided in Section 8, use the following:

That more than 20 customers will be affected by said change by way of an increase in their rates or charges, and on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, there was delivered to the \_\_\_\_\_, a newspaper of general circulation in the community in which the customers affected reside, for publication therein once a week for three consecutive weeks prior to the effective date of said change, a notice of the proposed rates or administrative regulations, a copy of said notice being attached hereto. A certificate of the publication of said notice will be furnished the Public Service Commission upon the completion of the same in accordance with Section 9(2), of said administrative regulation.

FORM OF ADOPTION NOTICE  
P.S.C. Adoption Notice No. \_\_\_\_\_  
ADOPTION NOTICE

The undersigned (Name of Utility) \_\_\_\_\_ of \_\_\_\_\_ hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and administrative regulations for furnishing (Nature of Service) \_\_\_\_\_ service at \_\_\_\_\_ in the Commonwealth of Kentucky, filed with the Public Service Commission by (Name of Predecessor) \_\_\_\_\_ of \_\_\_\_\_, and in effect on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the date on which the public service business of the said (Name of Predecessor) \_\_\_\_\_

was taken over by it.

This notice is issued on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, in conformity with Section 10 of P.S.C. Tariff administrative regulations adopted by the Public Service Commission.

By:  
(8 Ky.R. 797; Am. 1148; eff. 6-2-82; 11 Ky.R. 69; eff. 8-4-84.)

**KRS 278.012**

**AND**

**KRS 278.015**

### **278.012 Water association subject to Public Service Commission -- Exceptions.**

Notwithstanding any other provisions of the Kentucky Revised Statutes, any water association formed for the purpose of furnishing water or sewer services to the general public pursuant to KRS Chapter 273 is deemed to be and shall be a public utility and shall be subject to the jurisdiction of the Public Service Commission in the same manner and to the same extent as any other utility as defined in KRS 278.010, except:

- (1) As provided in KRS 278.023; or
- (2) When a wholesale supplier selling water or providing sewage treatment to a water association increases its rates, the water association shall have the authority to increase its rates commensurate with the wholesale supplier without prior approval by the commission.

Within twenty (20) days after any such increase in rates, the association shall file its revised tariffs with the commission, together with a copy of the notice from its wholesale supplier showing the increase in the rate charged to the utility, and a statement of the volume of purchased water used or sewage treated to calculate the increase in rates. The commission shall approve the filing or establish revised rates by order no later than thirty (30) days after the above documents are filed with it. Prior to or at the time of the first billing of the new rates, the district shall give notice to its customers of the increase.

**Effective:** July 14, 1992

**History:** Amended 1992 Ky. Acts ch. 276, sec. 2, effective July 14, 1992. -- Amended 1988 Ky. Acts ch. 12, sec. 2, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 495, sec. 1, effective July 15, 1986. -- Amended 1982 Ky. Acts ch. 82, sec. 2, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 379, sec. 2, effective April 1, 1979. -- Created 1972 Ky. Acts ch. 310, sec. 1.

**278.015 Water district; combined water, gas, or sewer district; or water commission a public utility subject to Public Service Commission -- Exceptions.**

Notwithstanding any of the provisions of KRS Chapter 74, any water district; combined water, gas, or sewer district; or water commission, except a joint commission created under the provisions of KRS 74.420 to 74.520, shall be a public utility and shall be subject to the jurisdiction of the Public Service Commission in the same manner and to the same extent as any other utility as defined in KRS 278.010, except:

- (1) As provided in KRS 278.023; or
- (2) When a wholesale supplier selling water or providing sewage treatment to a water district; combined water, gas, or sewer district; or water commission increases its rates, the water district or combined water, gas, or sewer district shall have the authority to increase its rates commensurate with the wholesale supplier without prior approval by the commission.

Within twenty (20) days after any such increase in rates, the district shall file its revised tariffs with the commission, together with a copy of the notice from its wholesale supplier showing the increase in the rate charged to the utility, and a statement of the volume of purchased water used or sewage treated to calculate the increase in rates. The commission shall approve the filing or establish revised rates by order no later than thirty (30) days after the above documents are filed with it. Prior to or at the time of the first billing of the new rates, the district shall give notice to its customers of the increase.

**Effective:** July 15, 1996

**History:** Amended 1996 Ky. Acts ch. 122, sec. 10, effective July 15, 1996. -- Amended 1992 Ky. Acts ch. 276, sec. 1, effective July 14, 1992. -- Amended 1988 Ky. Acts ch. 12, sec. 1, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 495, sec. 2, effective July 15, 1986. -- Amended 1982 Ky. Acts ch. 82, sec. 3, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 379, sec. 3, effective April 1, 1979. -- Created 1964 Ky. Acts ch. 195, sec. 2.





**807 KAR 5:067**

**PURCHASED WATER ADJUSTMENT  
FOR PRIVATELY-OWNED UTILITIES**

## **807 KAR 5:067. Purchased water adjustment for privately-owned utilities.**

RELATES TO: KRS Chapter 278

STATUTORY AUTHORITY: KRS 278.030(1), 278.040(3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 278.030(1) provides that all rates charged by a water utility subject to the jurisdiction of the Public Service Commission shall be fair, just and reasonable. This administrative regulation prescribes the requirements under which a privately-owned water utility may implement a purchased water adjustment designed to recover the actual costs of water purchased.

**Section 1. Water Utility Base Rate.** The supplier's rate in effect immediately prior to the most recent increase shall be considered the base rate.

**Section 2. Application for Change in Base Rate.** (1) For purposes of a purchased water adjustment, the supplier's rate as defined in Section 1 of this administrative regulation shall be considered as the base rate for purchased water and any increase or decrease in the base rate shall be considered the changed rate.

(2) In the event there is an increase in the supplier's base rate, and the utility determines that it is necessary to adjust its rates so as to pass the increase on to its customers, the utility shall file with the commission the original and eight (8) copies of a completed application for purchased water adjustment in the form set forth in Section 6 of this administrative regulation. All exhibits designated therein must be filed with the application and shall be considered a part of the application.

(3) An applicant shall not implement its proposed rates until the commission issues an order authorizing the applicant to adjust its rates. The maximum amount of the adjustment so ordered shall not produce revenue adjustments greater than the difference between the purchased water billed at the base rate and the purchased water billed at the changed rate. Where the applicant's unaccounted for water loss is determined to be greater than either fifteen (15) percent or the percent expressly allowed in the applicant's last rate case, water purchases as defined in subsection (1)(b) of this section shall be adjusted to allow only the unaccounted-for water loss found reasonable.

(4) In the event of an increase only, the applicant shall notify its customers of the proposed rate increase. The notice may be accomplished by a bill insert or by publication once a week for three (3) consecutive weeks in a newspaper of general circulation. Such notice shall set out the rates proposed to be charged by the applicant to its customers and shall contain the following language: "The rates contained in this notice are the rates proposed by (name of utility). However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice."

**Section 3. Calculation of the Purchased Water Adjustment.** If a change is made in a base rate charged to a water utility by its supplier(s), the unit charges of the utility's tariff shall be increased or decreased by a purchased water adjustment calculated as follows:

(1) Water purchases shall be computed at the supplier's base rate and the supplier's changed rate using a period of twelve (12) calendar months ending within ninety (90) days of the filing date of the application. The difference between these amounts shows the total change in the applicant's purchased water costs.

(2) The total change in purchased water costs shall be divided by the actual number of cubic feet or gallons sold, yielding the purchased water adjustment expressed in cents per cubic feet or gallons, unless the applicant's unaccounted-for water loss exceeds either fifteen (15) percent or the percent allowed in the applicant's last rate case.

(3) In instances where the water loss exceeds fifteen (15) percent and no reasonable percentage has been determined in its last rate case, the actual water sales shall be divided by eighty-five (85) percent yielding the maximum allowable water purchases. Where a reasonable percentage of unaccounted-for water loss was expressly determined in the applicant's last rate case, the actual water sales shall be divided by (100 percent minus the percentage found reasonable) yielding the maximum allowable water purchases. The maximum allowable water purchases shall then be multiplied by the supplier's base rate and the changed rate. The difference between these amounts will be the total allowable change in the applicant's purchased water costs. The total allowable change shall then be divided by the actual number of cubic feet or gallons sold, yielding the purchased water adjustment expressed in cents per cubic feet or gallons.

**Section 4. Procedure for Distribution of Refunds from Suppliers.** In the event a water utility receives a refund from its supplier for amounts previously paid, the water utility shall immediately apply to the commission for authority to make adjustments on the amounts charged customers' bills under this administrative regulation as follows:

(1) The total refund received by the water utility shall be divided by the number of cubic feet or gallons of water the water utility estimates it will sell to its customers during the two (2) month period beginning with the first day of the month following receipt of the refund, yielding the refund factor to be applied against each cubic foot or gallon of water sold thereafter.

(2) Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the water utility will reduce by the refund factor any purchased water adjustment that would otherwise be applicable during the period. The period of reduced purchased water adjustment shall be adjusted, if necessary, in order to most nearly approximate the total amount to be refunded. The water utility shall make full distribution of the refund within two (2) months.

(3) In the event a water utility receives a large or unusual refund, the water utility may apply to the commission for a deviation from the procedure for distribution of refunds specified herein.

Section 5. Procedure for Decrease in Purchased Water Costs. In the event a water utility receives a decrease in the rates charged it by its supplier, the purchased water adjustment shall be determined by the same procedure as set out in Section 3 of this administrative regulation and the utility's rates to its customers reduced accordingly.

Section 6. Form of Application for Purchased Water Adjustment. Applications for purchased water adjustments shall be in substantially the following form, shall contain all information requested and shall be accompanied by all exhibits designated therein. Copies of forms for use in making such applications may be obtained from the commission upon request.

APPLICATION FOR RATE ADJUSTMENT BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY  
For Purchased Water Adjustment  
Pursuant to 807 KAR 5:067

Name of Utility:  
Business Mailing Address:  
Telephone Number: (Area Code, Number)

NAME, TITLE, ADDRESS and TELEPHONE NUMBER of the person to whom correspondence or communications concerning this application should be directed:

NAME:  
TITLE:  
ADDRESS:  
TELEPHONE NUMBER: (Area Code, Number)  
Signature:

I. Basic Information

NOTICE: (1) This application must be completed in its entirety and will not be considered until all required information has been filed with the Commission.

(2) The purchased water adjustment is designed for the purpose of providing a mechanism whereby a utility may recover the actual costs of water purchased only. No other increases in costs will be considered within this application nor is any change in rate design permissible under this administrative regulation.

(3) Eight (8) copies of the application and exhibits must be filed. The application and any additional information that may be requested shall be addressed and/or submitted to: Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40601.

1. Has this application been filed for purposes of an increase in rates, decrease in rates or a refund?  
Increase\_\_\_\_ Decrease\_\_\_\_ Refund\_\_\_\_

2. What is the amount of the increase, decrease, or refund?

Total revenue change \$

Purchased water adjustment \_\_\_\_\_¢ per cubic foot or gallon as determined in Item 10(c).

3.(a) Names of all wholesale suppliers and the base rate and changed rate of each. In the event the water purchased is billed by the supplier on other than a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if needed.

Supplier	Base Rates	Changed Rates

(b) A copy of the wholesale supplier's tariffs, ordinances, or other documents establishing both the base supplier rate and the changed supplier rate are attached as Exhibit \_\_\_\_\_ to this application.

(c) A copy of the supplier's statement to the utility showing the effective date of the changed rate is attached as Exhibit \_\_\_\_ to this application.

4.(a) Has the utility provided appropriate notice to its customers by either a bill insert or by publication in accordance with the provisions of 807 KAR 5:067, Section 2(4). Yes U No U

(b) A copy of the utility's notice to its customers is attached as Exhibit \_\_\_\_\_ to this application.

5. Revised tariff sheet(s) showing the rates proposed to be charged by the utility to its customers is attached as Exhibit \_\_\_\_ to this application.

Note: The revised tariff sheet(s) must show the rates proposed to be charged by the utility for each customer class in the form shown in Item 12. The issue date should be the date the application is filed with the commission. The effective date will be the date of the commission's order in this case. In the event the proposed tariff is correct and approved as filed, no further tariff forms will be required. The effective date, case number and order date will be completed by commission staff and a stamped copy of the approved

tariff sheet will be returned to the utility for its files. Each sheet must be signed by the officer authorized to issue tariffs.

6. The twelve (12) month period used to calculate the purchased water adjustment ends \_\_\_\_\_ (month and year). This test period must end within ninety (90) days of the date this application is filed.

7. Water purchases. Where water is purchased from more than one (1) supplier, purchases from each supplier must be shown separately. Where water is purchased from a supplier through more than one (1) meter and bills are computed individually for each meter, purchases should also be shown separately for each meter. Attach additional sheets if necessary.

SUPPLIER'S NAME	TOTAL GALLONS PURCHASED		
	Meter No. 1	Meter No. 2	Meter No. 3
TOTAL			

8. Water sales. Total gallons sold during twelve (12) month test period:

9. Maximum allowable gallons. The maximum allowable gallons upon which the purchased water adjustment may be based shall be determined in one of the following ways:

(a) Where a reasonable unaccounted-for water loss was expressly determined in the utility's last general rate case and actual unaccounted-for water loss exceeds the percent found reasonable, the water sales shall be divided by (100 percent minus the percent found reasonable) yielding the maximum allowable gallons to be entered in Item 10(a) or (b).

(b) Where no reasonable unaccounted-for water loss was expressly determined in the utility's last general rate case and the actual water loss exceeds fifteen (15) percent, the water sales shall be divided by eighty-five (85) percent and the resulting gallons entered in Item 10(a) or (b).

(c) Where no reasonable water loss was expressly determined in the utility's last general rate case and the actual unaccounted for water loss is less than fifteen (15) percent, the actual gallons of water purchased shall be entered in Item 10(a) or (b).

10. Allowable change in purchased water costs.

(a) Where supplier bills on a flat rate schedule

$$\frac{\text{Allowable gallons}}{\text{changed rate}} \times \text{cost at changed rate} = \$ \text{_____}$$

minus

$$\frac{\text{Allowable gallons}}{\text{base rate}} \times \text{cost at base rate} = \$ \text{_____}$$

(b) Where supplier bills on a declining block rate schedule\*

Changed Rates Usage Blocks		Rate	Cost
1st ____	gal. x 12 mo. = ____	gal. (12 x Min.) =	
Next ____	gal. x 12 mo. = ____	gal. x ____ =	
Next ____	gal. x 12 mo. = ____	gal. x ____ =	
Next ____	gal. x 12 mo. = ____	gal. x ____ =	
Over ____	gal. x 12 mo. = ____	gal. x ____ =	
Total allowable gal. _____			
Cost at changed rate \$ _____			

Base Rates Usage Blocks		Rate	Cost
1st ____	gal. x 12 mo. = ____	gal. (12 x Min.) =	
Next ____	gal. x 12 mo. = ____	gal. x ____ =	
Next ____	gal. x 12 mo. = ____	gal. x ____ =	
Next ____	gal. x 12 mo. = ____	gal. x ____ =	
Over ____	gal. x 12 mo. = ____	gal. x ____ =	
Total allowable gal. _____			
Cost at changed rate \$ _____			
Cost at changed rate: \$ ____ minus Cost at base rate: \$ ____			
ALLOWABLE CHANGE: \$ _____			

\*Where the utility receives purchased water through two (2) or more meters and the supplier computes bills individually for each meter, the costs should be calculated separately for each meter at the base rate and the changed rate, then combined to arrive at the total allowable change in costs. Attach additional sheets if necessary.

(c) Purchased water adjustment.

$$\frac{\text{Allowable Change Gallons Sold}}{\text{Purchased Water Adjustment}} = \text{____} \text{¢ per gal. or c.f.}$$

Allowable Change Gallons Sold

NOTE: In the event the utility receives a decrease in the rates from its wholesale supplier, the purchased water adjustment shall be calculated in the same manner as set out in Items 9 and 10, and its rates reduced accordingly.

11. Refund. In the event a refund is received from the supplier for amounts previously paid, the following tabulations will be made:

(a) Total refund received: \$\_\_\_\_\_

(b) Total amount of water estimated to be sold during 2-month period beginning with the first day of the month following receipt of the refund: \_\_\_\_\_ M. Gal.

(c) Refund factor unit of water sold (Item (a) divided by Item (b)): \_\_\_\_\_¢

(d) The refund factor may be adjusted in the final month to more accurately reflect the amount to be refunded.

12. Form for filing Rate Schedules:

For: (Community, Town or City)

P.S.C. No.:

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

\_\_\_\_\_ CANCELLING P.S.C. NO. \_\_\_\_\_

Name of Issuing Corp.

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE

RATE PER UNIT

DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_

ISSUED BY (Name of Officer):

TITLE:

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_. (7 Ky.R. 793; eff. 9-2-81; Am. 1895; eff. 7-2-86.)



**807 KAR 5:068**

**PURCHASED WATER ADJUSTMENT  
FOR WATER DISTRICTS AND WATER  
ASSOCIATIONS**

**807 KAR 5:068. Purchased water adjustment for water districts and water associations.**

RELATES TO: KRS Chapter 278

STATUTORY AUTHORITY: KRS 278.012, 278.015, 278.030(1), 278.040(3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 278.030(1) provides that all rates charged by a water utility subject to the jurisdiction of the Public Service Commission shall be fair, just and reasonable. This administrative regulation prescribes the requirements under which a water district or a water association may implement a purchased water adjustment designed to recover the actual costs of water purchased.

Section 1. Water Utility Base Rate. The supplier's base rate in effect immediately prior to the most recent increase shall be considered the base rate.

Section 2. Applications for Change in Base Rate. (1) For purposes of a purchased water adjustment, the supplier's rate as defined in Section 1 of this administrative regulation shall be considered as the base rate for purchased water and any increase or decrease in the base rate shall be considered the changed rate.

(2) In the event there is an increase in the supplier's base rate, the water district or water association shall determine the increased cost of water purchased based on the twelve (12) month period ending within ninety (90) days immediately prior to the effective date of its rate adjustment to its customers. The cost of purchased water shall be calculated at the supplier's base rate and changed rate, as defined in Sections 1 and 2 of this administrative regulation. The difference in costs shall then be divided by the actual number of cubic feet or gallons sold during the same twelve (12) month period, yielding the purchased water adjustment in cents per cubic foot or gallon unit. This adjustment amount shall be added to all the utility's rate schedules on a per unit basis regardless of the customer class.

(3) In the event there is a decrease in the supplier's rate, the purchased water adjustment shall be calculated in the same manner as set out in subsection (2) of this section and its rates reduced accordingly.

(4) In the event a water district or water association receives a refund from its supplier for amounts previously paid, the water district or water association shall immediately apply to the commission for authority to make adjustments on the amounts charged customer's bills under this administrative regulation as follows:

(a) The total refund received by the utility shall be divided by the number of cubic feet or gallons of water the utility estimates it will sell to its customers during the two (2) month period beginning with the first day of the month following receipt of the refund, yielding the refund factor to be applied against each cubic foot or gallon of water sold thereafter.

(b) Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the utility will reduce by the refund factor any purchased water adjustment that would otherwise be applicable during the period. The period of reduced purchased water adjustments shall be adjusted, if necessary, in order to most nearly approximate the total amount to be refunded. The water utility shall make full distribution of the refund within two (2) months.

(c) In the event a water utility receives a large or unusual refund, the utility may apply to the commission for a deviation from the procedure for distribution of refunds specified herein.

Section 3. Filings with the Commission. (1) Within twenty (20) days after any such purchased water rate adjustment, the water district or water association shall file with the commission its revised tariff sheets setting forth the adjusted rates and information concerning the water purchases and sales upon which the adjustment was based sufficient to determine the accurateness of the calculations and application of the purchased water adjustment to its rates. Such tariffs and information shall be in substantially the form set forth in subsection (2) of this section. Copies of these forms may be obtained from the commission upon request.

(2) Form of purchased water adjustment filing.

**PURCHASED WATER RATE ADJUSTMENT**  
Pursuant to KRS 278.012 and 278.015

(Name of Utility):

(Date):

(Business Mailing Address):

(Telephone Number):

1.(a) Names of all wholesale suppliers and the base rate and changed rate of each. In the event the water purchased is billed by the supplier on other than a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

Supplier(s)	Base Rate	Changed Rate
(1)		
(2)		
(3)		

(b) A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit \_\_\_\_\_.

2. Twelve-month period upon which purchased water adjustment is based:



From:  
(Month & Year)Through:  
(Month & Year)

3. Statement of Water Purchases (Where water is purchased from more than one (1) supplier, purchases from each supplier must be shown separately. Where water is purchased from a supplier through more than one (1) meter and bills are computed individually for each meter, purchases should also be shown separately for each meter.)

Supplier's Name	Gallons Purchased Meter No. 1	Gallons Purchased Meter No. 2
(1)		
(2)		
(3)		
TOTAL		

4. Total Sales for the twelve (12) Months \_\_\_\_\_

5. Purchased Water Adjustment Factor \_\_\_\_\_ ¢ per gallon or cubic foot.

NOTE: Revised tariff sheets must be attached showing rates to be charged by the utility and the effective date of such increased rates.

Signature of Utility Officer:

Title:

Form for filing Rate Schedules

For: (Community, Town or City)

P.S.C. No.:

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

\_\_\_\_\_ CANCELLING P.S.C. NO. \_\_\_\_\_

Name of Issuing Corp.

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE

RATE PER UNIT

DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_

ISSUED BY (Name of Office):

TITLE:

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

Section 4. Orders of the Commission. (1) Within thirty (30) days after the documents required by Section 3 of this administrative regulation are filed, the commission shall enter its order either approving the rates or establishing revised rates.

(2) If the rates contained in the tariff are correct and approved as filed, no further tariff forms will be required to be filed and a stamped copy of the approved tariff sheet(s) shall be returned to the utility for its files. If the rates are incorrect and corrected rates are established by the commission, within thirty (30) days of the date of the commission's order, the utility shall file revised tariff sheet(s) setting out the rates so ordered.

Section 5. Notice to Customers. The water district shall notify its customers of any increase in rates resulting from a supplier increase no later than the rendering of the first bill at the increased rate. (12 Ky.R. 1965; Am. 13 Ky.R. 235; eff. 7-2-86.)



# **PROPOSED TARIFF SHEET FOR FIRE PROTECTION SERVICE**

FOR \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

\_\_\_\_\_  
(Name of Utility)

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## RULES & REGULATIONS

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### **FIRE DEPARTMENTS:**

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district ("User") may withdraw water from the utility's water distribution system for the purpose of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 15<sup>th</sup> day of the following calendar month.

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of this water.

A non-reporting user's usage shall be presumed to 0.3 percent of the utility's total water sales for the calendar month. A non-reporting user may present evidence of its actual usage to rebut the presumed usage. The utility shall consider this evidence and may adjust the presumed usage amount accordingly.

The non-reporting user shall be billed for this usage at the lowest usage block rate regardless of customer classification that the utility charges.

A non-reporting user shall also be assessed a penalty of \$\_\_\_\_\_ for each failure to submit a report in a timely manner.

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

# **CALCULATING NON-RECURRING CHARGES**

## NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: \_\_\_\_\_

### 1. Field Expense:

#### A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

#### B. Labor (Time and Wage)

_____	_____
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<b>Total Field Expense</b>	<b>\$ _____</b>
----------------------------	-----------------

### 2. Clerical and Office Expense

A. Supplies	\$ _____
-------------	----------

B. Labor	_____
----------	-------

<b>Total Clerical and Office Expense</b>	<b>\$ _____</b>
--	-----------------

### 3. Miscellaneous Expense

A. Transportation	\$ _____
-------------------	----------

B. Other (Itemize)	
--------------------	--

_____	_____
_____	_____
_____	_____

<b>Total Miscellaneous Expense</b>	<b>\$ _____</b>
------------------------------------	-----------------

<b>Total Nonrecurring Charge Expense</b>	<b>\$ _____</b>
--	-----------------